



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, OCTOBER 25, 2007
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**STATEMENT OF THE DEPARTMENT OF JUSTICE'S ANTITRUST DIVISION
REGARDING ITS INVESTIGATION OF HEARST CORPORATION'S PROPOSED
ACQUISITION OF TRACKING STOCK IN MEDIANEWS GROUP INC.**

***Division Closes Investigation, Parties' Interactions Will Continue to Be Subject
to the Antitrust Laws***

WASHINGTON – The Department of Justice's Antitrust Division announced today that it has closed its investigation of The Hearst Corporation's proposed acquisition of a newly created "tracking stock" of MediaNews Group Inc. (MNG). The acquisition, which was revised in response to antitrust concerns raised by the Department, would give Hearst approximately a 30 percent equity stake in MNG's newspaper businesses outside of the San Francisco Bay Area (Bay Area).

Both MNG, through its controlling interest in the California Newspapers Partnership, and Hearst own and publish daily newspapers in the Bay Area. Hearst owns the San Francisco Chronicle. MNG's daily newspapers include the Contra Costa Times, the San Jose Mercury News, the Marin Independent Journal, and several daily newspapers that operate under the name Alameda News Group - the Oakland Tribune, the Tri-Valley Herald, the Daily Review, the Fremont Argus, and the San Mateo County Times. These newspapers account for most of the readership of and advertising in daily newspapers in the Bay Area.

Hearst's investment in MNG – its principal newspaper rival in the Bay Area – raised potential competitive concerns warranting investigation despite the parties' assertions that they had structured Hearst's proposed investment to give Hearst no equity interest in or influence over MNG's Bay Area businesses. The Division's investigation focused on whether the proposed investment would give one party an incentive to compete less vigorously in the Bay Area or would provide sources of influence by Hearst or MNG over the other's Bay Area activities. During the investigation, the parties modified the proposed transaction in an effort to mitigate antitrust concerns raised by the Department.

Because Hearst's minority investment in MNG will not bring the companies under common ownership or control, interactions among them – including any changes in Hearst's investment and related arrangements that affect competition among the companies' Bay Area newspapers – will continue to be subject to scrutiny under Section 1 of the Sherman Act as well as the other antitrust laws.

This statement is limited by the Division's obligation to protect the confidentiality of certain information obtained in its investigation. As in most of its investigations, the Division's evaluation has been highly fact-specific, and many of the relevant underlying facts are not public.

Consequently, readers should not draw overly broad conclusions regarding how the Division is likely in the future to analyze other collaborations or activities, or transactions involving particular firms. Enforcement decisions are made on a case-by-case basis and the analysis and conclusions discussed in this statement do not bind the Division in any future enforcement actions.

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